

**EOTT ENERGY Partners, L.P.**

P.O. BOX 4666
HOUSTON, TX 77210-4666

August 4, 1997

David S. Guzy
Chief, Rules and Procedures Staff
Minerals Management Service
P.O. Box 25165
MS 3101
Denver, CO 80225-0165

By Overnight Courier and
by Facsimile to (303) 231-3385

Re: Supplementary Proposed Rule by Department of Interior, Minerals Management Service, 62 Fed. Reg. 36030 (July 3, 1997) on Crude Oil Valuation

Dear Mr. Guzy:

EOTT Energy Partners, L.P. ("EOTT") appreciates the opportunity to comment on the supplementary proposed rule on crude oil valuation. EOTT, through its affiliated limited partnerships, EOTT Energy Operating Limited Partnership, EOTT Energy Pipeline Limited Partnership, and EOTT Energy Canada Limited Partnership, is engaged in the purchasing, gathering, transporting, trading, storage and resale of crude oil and refined petroleum products.

EOTT purchases crude oil produced from approximately 25,000 leases in 17 states. EOTT purchases crude oil from many of the largest integrated and independent producers in the United States. During 1996, EOTT purchased approximately 300,000 barrels per day of lease crude oil. Pipeline systems and EOTT's trucking operations provide the vital link between EOTT's crude oil purchasing and marketing activities. Within the United States, EOTT transports most of the lease crude oil it purchases by means of a fleet of over 300 owned or leased trucks, and by pipeline, including approximately 1,700 miles of intrastate and interstate pipeline and gathering systems owned by EOTT as well as common carrier pipelines systems owned by third parties.

Approximately 91% of EOTT's lease crude oil is purchased from independent oil producers, and approximately 9% is purchased from major integrated oil companies. As an intermediary, EOTT seeks to earn profits by buying crude oil at competitive prices, efficiently transporting and handling the purchased crude oil and marketing the crude oil to refinery customers or other trade partners who can most benefit from the particular crude type.

As an independent crude oil gatherer and marketer, EOTT does not own or lease crude oil producing properties. As a third party purchaser of crude oil, EOTT holds no federal lease interests and has no operating interest in any crude oil producing field. However, EOTT does

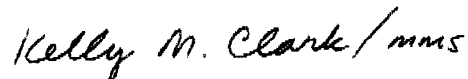
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purchase crude oil from federal land and will often pay federal royalties as payor on behalf of lessees or operators from whom we purchase crude oil. Payment of federal royalties is merely an additional service EOTT provides as part of its purchase contract obligations. EOTT pays royalties based on the arm's-length negotiated price paid to the field production operator.

As a purchaser of federal crude oil and a payor of royalties to the MMS, EOTT opposes this supplementary proposed rule, even with the inclusion of some of the recommended industry changes. Additionally, EOTT supports and reiterates the comments and position on this supplementary proposed rule that was presented to you by the Domestic Petroleum Council and Independent Petroleum Association of America.

Thank you for the opportunity to comment on this proposed rulemaking. Should you have any questions, please do not hesitate to contact me at 303-629-5044.

Very truly yours,

Handwritten signature of Kelly M. Clark in cursive script.

Kelly M. Clark,
Vice President for EOTT Energy Corp.,
as General Partner